

WOOL INDUSTRY CONSULTATIVE PANEL (WICP)

Date: 18 August 2022

Venue: Via Microsoft Teams and AWI, Level 3, 24 York Street, Sydney NSW 2000

The purpose of this forum is to ensure clear, two-way consultation between AWI and organisational representatives, through to growers. The meeting provides an opportunity for the AWI Board to receive and provide feedback on current/important issues and relevant topics from Board meetings.

AWI Chairman's Update

Additional investment has been allocated to shearer training during the next 3-year period. It is hoped that this investment will assist in improving the shearer shortage issues currently being experienced in Australia. The Pacific Labour Mobility Program (PALM) scheme will also be valuable in providing some assistance with this issue in the future.

AWI Chair spoke of the importance of the delineation between what the AWI can assist with under its Statutory Funding Agreement and what was outside its scope. Namely policy and lobbying, which often fell on the shoulders of the various woolgrower bodies. A summary document illustrating the different roles of the organisations has been made available to all wool growing bodies.

The Industry's Wool 2030 plan remains important in shaping AWI's priorities and will continue to provide unbiased information and support for all growers.

International Intelligence Briefing

Jeff Ma – EVP Marketing, Greater China and Developing Markets Asia

2021 was a challenging year, however 2022 is showing some more positive signs. Exports during the January-May 2022 period increased significantly along with overall consumption in many key markets. Australian wool is being marketed as sustainable in China, and sustainability in China is becoming more front of mind with the general public. A marketing focus will shift from the 'what' to the 'why'.

Scott Carmody – Trade Consultant

Ultra-fine wools continue to perform best. New trend amongst some buyers seeking organic certification as a point of difference. Sheep numbers across the country have grown by approximately 3 million head, mostly in the broad wool sector. Broad wool prices remain depressed

Julie Davies – GM Industry Development

Julie recently returned from trade shows throughout Europe where traceability was a regular topic of discussion. End users are increasingly wishing to know where the wool comes from, and who the woolgrower is.

The Wool lab portfolios are becoming a very useful tool for industry and are now available physically and digitally. The WICP has requested that these Wool Lab books be distributed to woolgrower groups to be used as marketing material at various events such as shows, field days etc.

FMD Update – Jo Hall Wool Producers

Whilst there is an increased threat of FMD, suitably robust policies are in place to assist in managing any outbreak. Jo indicated that the risk of an outbreak in Australia had increased from 9% in March 2022 to 11.6% in August 2022.

The panel generally agreed that the effect on the agricultural industry is generally not greatly understood should FMD enter the country and, in particular, the impact on future viability of agricultural businesses given that the current debt level in rural Australia is approximately \$90B. The panel noted that whilst the policies provide some comfort, prevention is a far better result.

AWI Business Unit Update – John Roberts CEO AWI

China remains Australia's largest exporter currently taking 80-85% of the Australian clip. Total production during 21/22 reached 335M kg's which was a 5.3% increase YOY. 66% of all wool produced during the past season was finer than 20.6 micron. Traceability is becoming more important on different levels, from marketing to disease prevention. It was agreed that additional information on WoolQ would be provided and a WoolQ representative asked to attend the next WICP to provide a presentation looking at the overall benefits and usability of the platform.

Marketing

A 30 second promotional video has been created with the campaign launched on the 22nd August, 2022. The campaign will initially be launched through free to air television and then the various social media platforms.

Summarised feedback from panel to AWI

Labour shortages remain a priority issue. Shearing schools of 2 weeks duration are being rolled out and conducted. A period of any less time is thought to be inadequate.

Financial implications of an FMD outbreak are considered significant to all involved in the agricultural industry.

Carbon farming is becoming both relevant and topical amongst various groups, and the panel is seeking additional information at future meetings in regards to AWI's work in relation to carbon farming.

A project is being developed with the meat industry (through Animal Health Australia) which is hoped will add to AWI's extension and education work to provide more information regarding pain relief products. It is noted that the usage of pain relief is increasing, however a lot of products remain "vet only", with uptake expected to increase if they were readily available via mainstream avenues.

Shareholder Communication Preferences

Shareholders will receive a communication regarding how future correspondence is received by having to "opt in" to receive a hard copy. Receiving of soft copy information is more in line with government requirements and would also result in a material financial saving for AWI.

Nick Turner

WICP Independent Chair